



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>



IN REPLY REFER TO:
3590
UTU-0126943
(UT-923)

APR 23 2004

CERTIFIED MAIL--Return Receipt Requested

Mr. Earl White
American Gilsonite Company
HC 73 Box 28
Vernal, Utah 84078

Re: Exploration Plan for Federal Gilsonite Lease UTU-0126943

EXPLORATION PLAN APPROVAL

Dear Mr. White:

Background- The Bureau of Land Management (BLM) Utah State Office, received your exploration plan on March 12, 2004 with revisions dated March 26, 2004 and April 19, 2004. The exploration plan includes exploring the federal lease from the workings on the private lands adjacent to the lease. There will be no surface impact. All work will be accomplished from underground.

Approval- The exploration plan is approved to drive a horizontal drift approximately 90 feet below the surface for 500 feet on to Federal Gilsonite Lease UTU-0126943. The drift will be approximately 10 feet high and the width of the vein.

Conditions of Approval- NONE

Notices-

1. The lessee shall abide by all proposed committed practices in the exploration plan. These include but are not limited to.
 - a. Reporting Paleontological resources to the Vernal Field Office if found in the mine (point of contact would be John Mayers at 781-4400).
 - b. Any water used will be available under AGC's water right number 49-222.
 - c. If ground water is encountered in quantities of greater than 5 gallons per minute it will be reported to the BLM and handled under the committed practices.
 - d. No chemicals subject to SARA Title III in amounts greater than 10,000 lbs will be used.

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2. Royalties will be paid in accordance with lease terms and conditions.
3. Any modifications to the plan must be approved by the Authorized Officer prior to implementation.
4. The lessee shall report all information discovered during the exploration to the Authorized Officer within 30 days after the completion of the exploration.

NEPA- The National Environmental Policy Act has been complied with by DNA (**Determination of NEPA adequacy**) UT 080-2004-321.

Bonding- American Gilsonite currently has a \$120,000 statewide bond on file with BLM. This bond is deemed to be sufficient. BLM has the right to adjust the bond at any time.

Other Approvals- This approval only constitutes approval under the Mineral Leasing Act of 1920 as amended and does not constitute any other approvals that are necessary from other agencies or offices.

For further information contact Mr. Stan Perkes, (801) 539-4036.

Sincerely,

/s/ Douglas Bauer

ACTING

James F. Kohler
Chief, Solids Minerals Branch

bc: Vernal Field Office

Utah Division of Oil, Gas, and Mining (Attn. Doug Jensen),

P.O. Box 145801 SLC, UT 84114-5801

Central Files

Files - UTU-0126943

Chron File